



General Assembly

February Session, 2014

Governor's Bill No. 5041

LCO No. 594



Referred to Committee on COMMERCE

Introduced by:

REP. SHARKEY, 88th Dist.

REP. ARESIMOWICZ, 30th Dist.

SEN. WILLIAMS, 29th Dist.

SEN. LOONEY, 11th Dist.

***AN ACT CONCERNING INVESTMENT IN CONNECTICUT'S
ADVANCED MANUFACTURING BUSINESSES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) As used in this section and
2 sections 2 and 3 of this act:

3 (1) "Administrative costs" means the costs paid or incurred by the
4 administrator, including, but not limited to, peer review costs,
5 professional fees, allocated staff costs and other out-of-pocket costs
6 attributable to the administration and operation of the Connecticut
7 Advanced Manufacturing Fund;

8 (2) "Administrator" means the Department of Economic and
9 Community Development;

10 (3) "Advisory board" means the Advanced Manufacturing Advisory

11 Board established pursuant to section 2 of this act;

12 (4) "Eligible recipient" means aerospace, medical device and other
13 companies specializing in (A) technologically advanced commercial
14 products and services; (B) entities desiring to leverage federal research
15 funds to support advancements in manufacturing; and (C) state or
16 federally certified education and training programs to meet anticipated
17 demand for appropriately skilled and trained workers;

18 (5) "Financial assistance" means any and all forms of grants,
19 extensions of credit, loans or loan guarantees, equity investments or
20 other forms of financing;

21 (6) "Return on investment" means any and all forms of principal or
22 interest payments, guarantee fees, returns on equity investments,
23 royalties, options, warrants and debentures and all other forms of
24 remuneration to the administrator in return for any financial assistance
25 offered or provided;

26 Sec. 2. (NEW) (*Effective from passage*) (a) There is established an
27 Advanced Manufacturing Advisory Board that shall consist of the
28 following eleven members: (1) Four appointed by the Governor; (2)
29 one appointed by the president pro tempore of the Senate; (3) one
30 appointed by the speaker of the House of Representatives; (4) one
31 appointed by the majority leader of the Senate; (5) one appointed by
32 the majority leader of the House of Representatives; (6) one appointed
33 by the minority leader of the Senate; (7) one appointed by the minority
34 leader of the House of Representatives; and (8) the Commissioner of
35 Economic and Community Development, or the commissioner's
36 designee, who shall serve as the chairperson of the advisory board.
37 Each appointed member shall (A) have skill, knowledge and
38 experience in industries and sciences related to aerospace, medical
39 devices, digital manufacturing, digital communication or advanced
40 manufacturing; (B) be a university faculty member in or hold a
41 graduate degree in a related discipline, including, but not limited to,

42 additive manufacturing and materials science; (C) have manufacturing
43 education and training expertise; or (D) represent manufacturing
44 related businesses or professional organizations. All initial
45 appointments to the board pursuant to this subsection shall be made
46 not later than July 1, 2014. Appointed members shall each serve a term
47 that is coterminous with the respective appointing authority. Each
48 member shall hold office until a successor is appointed. Any vacancy
49 occurring on the board, other than by expiration of term, shall be filled
50 in the same manner as the original appointment for the balance of the
51 unexpired term.

52 (b) The chairperson shall call the first meeting of the advisory board
53 not later than September 30, 2014. The advisory board shall meet at
54 such times as the chairperson deems necessary.

55 (c) No member of the advisory board shall receive compensation for
56 such member's services, except that each member shall be entitled to
57 reimbursement for actual and necessary expenses incurred during the
58 performance of such member's official duties.

59 (d) Six members of the advisory board shall constitute a quorum for
60 the transaction of any business or the exercise of any power of the
61 advisory board. The advisory board may act by a majority of the
62 members present at any meeting at which a quorum is in attendance,
63 for the transaction of any business or the exercise of any power of the
64 advisory board, except as otherwise provided in this section.

65 (e) Notwithstanding any provision of the general statutes, it shall
66 not constitute a conflict of interest for a trustee, director, partner,
67 officer, manager, shareholder, proprietor, counsel or employee of an
68 eligible recipient, or any individual with a financial interest in an
69 eligible recipient, to serve as a member of the advisory board,
70 provided such trustee, director, partner, officer, manager, shareholder,
71 proprietor, counsel, employee or individual shall abstain from
72 deliberation, action or vote by the advisory board concerning any

73 matter relating to such eligible recipient.

74 Sec. 3. (NEW) (*Effective from passage*) (a) There is established a
75 Connecticut Advanced Manufacturing Fund, to be held, administered,
76 invested and disbursed by the administrator pursuant to this section.
77 The fund shall contain any moneys required or permitted by law to be
78 deposited in the fund and any moneys received from any public or
79 private contributions, gifts, grants, donations, bequests or devises to
80 the fund. Repayment of principal and interest on loans issued from the
81 fund shall be credited to the fund and shall become part of the assets of
82 the fund. Any balance remaining in the fund at the end of any fiscal
83 year shall be carried forward in the fund for the fiscal year next
84 succeeding.

85 (b) Any return on investment received by the administrator as a
86 result of financial assistance provided from the Connecticut Advanced
87 Manufacturing Fund to eligible recipients, or attributable to the
88 investment of the fund by the administrator, shall be deposited and
89 held for the use and benefit of the fund. Moneys in or received for the
90 fund may be deposited with and invested by any institution as may be
91 designated by the administrator at its sole discretion and paid as the
92 administrator shall direct. The administrator may make payments
93 from such deposit accounts for use in accordance with the provisions
94 of this section.

95 (c) The Connecticut Advanced Manufacturing Fund shall not be
96 deemed an account within the General Fund and shall be used
97 exclusively for the purposes provided in this section.

98 (d) The Connecticut Advanced Manufacturing Fund shall be used:
99 (1) To provide financial assistance to eligible recipients as may be
100 approved by the advisory board pursuant to subsection (g) of this
101 section, and (2) to pay or reimburse the administrator for
102 administrative costs pursuant to subsection (m) of this section. Such
103 financial assistance shall be awarded for the purpose of: (A) Furthering

104 the development or modernization of manufacturing equipment; (B)
105 supporting advancements in manufacturing; (C) supporting advanced
106 manufacturing research and development; (D) supporting expansion
107 and training by eligible recipients; (E) attracting new manufacturers to
108 the state; (F) supporting education and training programs to meet
109 anticipated demand for appropriately skilled and trained workers; (G)
110 matching federal grants or otherwise leveraging federal research funds
111 to aid Connecticut universities to increase research efforts; and (H)
112 funding a voucher program as described in subsection (k) of this
113 section. Additionally, such financial assistance shall target aerospace,
114 medical device, composite materials, digital manufacturing and other
115 technologically advanced commercial products and services' supply
116 chains and related disciplines that are likely to lead to an improvement
117 in or development of products or services that are commercializable
118 and designed to advance the state of technology and the competitive
119 position of eligible recipients, and that promise, directly or indirectly,
120 to lead to job growth in the state in these or related fields.

121 (e) The administrator, in consultation with the advisory board, shall
122 give priority consideration to proposals from any company that is
123 located in or planning to relocate to: (1) A distressed municipality, as
124 defined in section 32-9p of the general statutes; (2) a targeted
125 investment community, as defined in section 32-222 of the general
126 statutes; (3) a public investment community, as defined in section 7-
127 545 of the general statutes; (4) an enterprise zone designated pursuant
128 to section 32-70 of the general statutes; or (5) a manufacturing
129 innovation district established pursuant to subsection (f) of this
130 section.

131 (f) The administrator, in consultation with the advisory board, may
132 establish manufacturing innovation districts in order to promote
133 economic development priorities identified by the administrator.

134 (g) All expenditures from the Connecticut Advanced Manufacturing
135 Fund, except for administrative costs reimbursed to the administrator

136 pursuant to subsection (j) of this section, shall be approved by the
137 advisory board, provided the board may delegate to staff of the
138 administrator the approval of transactions not greater than one
139 hundred thousand dollars. Any such approval by the board shall be (1)
140 specific to an individual expenditure to be made; (2) for budgeted
141 expenditures with such variations as the advisory board may
142 authorize at the time of such budget approval; or (3) for a financial
143 assistance program to be administered by staff of the administrator,
144 subject to limits, eligibility requirements and other conditions
145 established by the advisory board at the time of such program
146 approval.

147 (h) The administrator shall provide any necessary staff, office space,
148 office systems and administrative support for the operation of the
149 Connecticut Advanced Manufacturing Fund in accordance with this
150 section. In acting as administrator of the fund, the department shall
151 have and may exercise all of the powers set forth in chapter 578 of the
152 general statutes, provided expenditures from the fund shall be
153 approved by the advisory board pursuant to subsection (g) of this
154 section.

155 (i) The advisory board shall establish an application and approval
156 process with guidelines and terms for financial assistance awarded
157 from the Connecticut Advanced Manufacturing Fund to any eligible
158 recipient. Such guidelines and terms shall include: (1) A requirement
159 that any applicant for financial assistance operate in the state, or
160 propose to relocate operations to the state, in whole or in part, as a
161 condition of such financial assistance; (2) limitations on the total
162 amount of financial assistance that may be awarded in the form of
163 loans and grants; (3) eligibility requirements for loans and grants,
164 including a requirement for applicants to obtain matching funds from
165 nonstate sources; (4) a process for preliminary review of applications
166 for strength and eligibility by the administrator before such
167 applications are presented to the advisory board for consideration; (5)
168 return on investment objectives, including, but not limited to, job

169 growth and leveraged investment opportunities; and (6) such other
170 guidelines and terms as the advisory board determines to be necessary
171 and appropriate in furtherance of the objectives of this section.

172 (j) Financial assistance awarded from the Connecticut Advanced
173 Manufacturing Fund to eligible recipients shall be used for costs
174 related to facilities, necessary furniture, fixtures and equipment,
175 tooling development and manufacture, materials and supplies, proof
176 of concept or relevance, research and development, compensation and
177 such other costs that the advisory board determines pursuant to
178 subsection (i) of this section to be eligible for financial assistance within
179 the purposes of this section.

180 (k) The advisory board may establish a voucher program that shall
181 provide eligible recipients access to technical experts in universities,
182 nonprofit organizations and other organizations that can provide
183 specialized expertise to such eligible recipients to solve engineering,
184 marketing and other challenges. The Commissioner of Economic and
185 Community Development, in consultation with the advisory board,
186 may adopt regulations in accordance with the provisions of chapter 54
187 of the general statutes to implement such voucher program.

188 (l) On or before July 1, 2015, and prior to each fiscal year thereafter,
189 the administrator shall prepare a plan of operations and an operating
190 and capital budget for the Connecticut Advanced Manufacturing
191 Fund, provided not later than ninety days prior to the start of each
192 fiscal year, the administrator shall submit such plan and budget to the
193 advisory board for its review and approval.

194 (m) Administrative costs shall be paid or reimbursed to the
195 administrator from the Connecticut Advanced Manufacturing Fund,
196 provided the total of such administrative costs in any fiscal year shall
197 not exceed five per cent of the total amount of the allotted funding for
198 such fiscal year as determined in the operating budget prepared
199 pursuant to subsection (l) of this section. Nothing in this section or

200 section 2 of this act shall be deemed to require the administrator to risk
201 or expend the funds of the Department of Economic and Community
202 Development in connection with the administration of the Connecticut
203 Advanced Manufacturing Fund.

204 (n) Not later than January 1, 2016, and annually thereafter, the
205 administrator shall provide a report of the activities of the Connecticut
206 Advanced Manufacturing Fund to the advisory board for the board's
207 review and approval. Upon such approval, the advisory board shall
208 provide such report, in accordance with the provisions of section 11-4a
209 of the general statutes, to the joint standing committee of the General
210 Assembly having cognizance of matters relating to commerce. Such
211 report shall contain available information on the status and progress of
212 the operations and funding of the Connecticut Advanced
213 Manufacturing Fund and the types, amounts and recipients of
214 financial assistance awarded and any returns on investment.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section

Statement of Purpose:

To implement the Governor's budget recommendations.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]